

Message Text

SECRET

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ACTION SS-25

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S E C R E T SECTION 1 OF 2 CAIRO 2384

EXDIS

EO 11652: GDS
TAGS: OVIP (VANCE, CYRUS)
SUBJ: SECRETARY'S VISIT: SUBJECTS EGYPTIANS MAY RAISE DURING
VISIT

IN CONNECTION WITH DEPT'S PLANNING FOR SEC VANCE'S UPCOMING
VISIT, WE SUBMIT A LIST OF SUBECTS WHICH EGYPTIANS MAY
RAISE:

1. ME PEACE PROCESS. GOE BELIEVES ME PEACE PROCESS HAS BEEN
STALLED TOO LONG. IT SHOULD RESUME SOONEST, PREFERABLY MARCH
OR APRIL. IF THERE IS NO REASONABLY EXPEDITIOUS MOVEMENT,
FAHMY TALKS ABOUT TAKING PROBLEM TO UNSC. SADAT HAS PUBLICLY
STATED STEP-BY-STEP PROCEDURE IS OVER AND THAT GENEVA CONF
SHOULD BE RECONVENED TO DISCUSS COMPREHENSIVE ME SETTLEMENT.
PEACE AGREEMENT (AS OPPOSED TO TREATY)SHOULD BE CONCLUDED,
WHICH ENDS TATE OF BELLIGERENCY AND ALL HOSTILE ACTIONS
DERIVING THEREFROM, E.G., BOYCOTT, BAN ON PASSAGE OF ISRAELI
FLAG VESSELS THROUGH SUEZ CANAL, ETC. EXCLUDED "FOR MY
(I.E. SADAT'S) GENERATION" WOULD BE DIPLOMATIC RECOGNITION,
TRADE AND FREE PASSAGE OF PEOPLE BETWEEN ISRAEL AND THE ARAB
STATES. SADAT NEVER FORMALLY REPLIED TO OUR DEMARCHE OF LAST
YEAR THAT ME PEACE PROCESS BE RESUMED ON BASIS AGREEMENT
TO TERMINATE STATE OF BELLIGERENCY IN RETURN FOR "SUB-
STANTIAL" TERRITORIAL CONCESSIONS. ONE REASON WAS THAT, IN
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GOE'S VIEW, PROPOSED ISRAELI TERRITORIAL CONCESSION
TOO SMALL TO WARRANT PLAYING ONE OF FEW REMAINING STRONG
CARDS, I.E., END OF STATE OF BELLIGERENCY. SHOULD ALSO BE
BORNE IN MIND THAT, FOLLOWING EGYPTIAN/SYRIAN RAPPROCHEMENT,
GOE IS UNLIKELY TO WANT TO BREAK ARAB RANKS UNLESS ITS FELLOW
ARABS ARE DEMONSTRABLY RESPONSIBLE FOR STALLING PEACE PRO-
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2. PLO PARTICIPATION IN GENEVA. GOE BELIEVES PALESTINIANS ARE CORE OF ARAB/ISRAELI PROBLEM, ACCEPTS RABAT SUMMIT DECISION THAT PLO REPRESENTS PALESTINIANS, AND WANTS PLO INVITED TO GENEVA. SADAT HAS FROM TIME TO TIME SUGGESTED THAT, IF AGREEMENT COULD BE REACHED AT OUTSET TO PRINCIPLE OF PLO, PARTICIPATION MIGHT BE DEFERRED TO LATER. IN EFFORT TO MAKE ISRAELIS LESS ADAMANT ON PALESTINIAN STATE IN WEST BANK/GAZA, SADAT HAS PUBLICLY REVERTED TO HIS EARLIER CONCEPT THAT ANY SUCH STATE SHOULD HAVE FORMAL RPT FORMAL LINKS WITH JORDAN. WE HAVE SEEN NO INDICATION THAT HE WANTS JORDAN TO NEGOTIATE IN BEHALF OF PALESTINIANS. FAHMY HAS ALSO FLOATED IDEA THAT NEGOTIANS FOR ESTABLISHMENT OF PALESTINIAN STATE COULD PROCEED IN TANDEM WITH NEGOTIATION ON LINK WITH JORDAN.

3. US DIALOGUE WITH PLO: SADAT HAS LONG URGED USG BEGIN DIALOGUE WITH THE PLO. HE CONSIDERS OUR UNWILLINGNESS TO DO SO OSTRICH-LIKE AND SHORTSIGHTED MISCALCULATION. HE REGARDS PALESTINIANS AS AGGRIEVED PARTY, HENCE DISMISSES SUGGESTION PLO MUST FIRST RECOGNIZE RIGHT OF ISRAEL TO EXIST. WHILE DISSATISFIED WITH ARAFAT'S LEADERSHIP, HE SEES NO IMMEDIATE MODERATE ALTERNATIVE. HE REMAINS SUSPICIOUS THAT SARG STILL HAS IN MIND INSTALLING PRO-SYRIAN LEADERSHIP. GOE BELIEVES US DIALOGUE WITH PLO WOULD HELP MODERATE ELEMENTS IN THAT ORGANIZATION AND BRING ABOUT GREATER SENSE OF PLO RESPONSIBILITY.

4. ARMS FROM US: SADAT HAS LONG SOUGHT TO OBTAIN FROM US
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WHAT HE CALLS DEFENSIVE WEAPONS, ESPECIALLY TOWS AND F5E'S. (WE HAVE SOLD HIM SIX C-130'S OF WHICH THREE HAVE ARRIVED.) GOE PICKED UP SECRETARY'S STATEMENT AT SENATE CONFIRMATION HEARINGS THAT HE DID NOT EXCLUDE THE POSSIBILITY OF SELLING GOE AMERICAN WEAPONRY, AND FAHMY HAS INDICATED THAT HE INTENDS QUERY THE SECRETARY ABOUT NEW ADMINISTRATION'S POSITION ON THIS MATTER. SADAT AND FAHMY NOTE THAT PROVISION OF US DEFENSIVE WEAPONS WOULD STRENGTHEN SADAT'S POSITION WITH EGYPTIAN MILITARY, WHICH IS ESSENTIAL TO CONTINUATION OF ME PEACE PROCESS.

5. US ARMS TO ISRAEL: ANNOUNCEMENT DURING RECENT ELECTION CAMPAIGN THAT USG READY SELL ISRAEL SOPHISTICATED WEAPONRY, INCLUDING CBU-72 CLUSTER BOMB, GREATLY EXERCISED GOE LEADERSHIP. EGYPTIANS VIEW SUCH ACTIONS AS MAKING ISRAEL LESS RATHER THAN MORE FLEXIBLE. CIVILIAN AND MILITARY LEADERS WORRY ABOUT NEGOTIATING FROM POSITION OF MILITARY WEAKNESS AND DRAW PARALLEL WITH NEED FOR RELATIVE POWER BALANCE BETWEEN US AND USSR IF DETENTE IS TO BE DURABLE. EGYPTIANS EQUALLY CONCERNED

THAT SALE OF CLUSTER BOMBS WILL INEVITABLY BRING RENEWED ARMS SPIRAL IN ME AREA AND AGGRAVATE OVERALL PROBLEM. THEY WILL URGE THAT USG RECONSIDER PROPOSED SALE. ASSUMED ISRAELI NUCLEAR WEAPONS CAPABILITY AND FAILURE SIGN NPT ALSO OF GREAT CONCERN TO GOE.

6. NUCLEAR POWER REACTOR: A NUCLEAR POWER REACTOR AGREEMENT, CONTAINING BOTH IAEA AND ADDITIONAL CONGRESSIONALLY DESIRED SAFEGUARDS, WAS INITIALED WITH GOE ON 5 AUG 1976. GOE HAS EVER SINCE CONDUCTED NEGOTIATIONS WITH WESTINGHOUSE FOR PURCHASE OF SUCH REACTOR. FINALIZATION MUST DEPEND ON USG APPROVAL OF BASIC AGREEMENT. GOE HOPES NEW ADMINISTRATION WILL APPROVE INITIALED AGREEMENT AND SEND IT TO CONGRESS. QUESTION OF NEEDED FINANCING STILL UNANSWERED AND GOE HOPES THAT SOME FINANCING MAY COME FROM US.

7. ISRAELI ACTIVITIES IN GULF OF SUEZ: GOE (FAHMY MORE
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THAN SADAT) IS EXERCIZED ABOUT ISRAELI ACTIVITIES IN GULF OF SUEZ. THESE HAVE TAKEN TWO FORMS (A) FORCIBLE EXPULSION OF AMOCO RIG FROM CONDUCTING DRILLING ACTIVITIES IN AMOCO'S CONCESSION AREA EAST OF AN IMAGINARY MEDIAN LINE WHICH ISRAELIS HAVE DRAWN. (GOE IS AWARE THAT USG LEGAL POSITION SUPPORTS EGYPT, BUT PROFESSES INABILITY UNDERSTAND WHY WE FAIL TO PRESS ISRAEL HARDER ON THIS MATTER OF BOTH POLITICAL AND COMMERCIAL CONCERN TO US; AND (B) ISRAELI ACTION IN DRILLING IN EGYPTIAN-LET AMOCO CONCESSION AREA (NORTHEAST PART OF BLOCK 305). FOUR POINT PROPOSAL MADE BY US, AFTER CONSULTATION WITH ISRAEL, IS UNACCEPTABLE TO GOE ON GROUNDS THAT IT COMPROMISES LATTER'S LEGAL POSITION AND REQUIRES GOE SEEK PERMISSION FROM ISRAEL FOR ANY FURTHER DRILLING EAST OF MEDIAN LINE. INSTEAD, GOE HAS SUGGESTED IT SIMPLY INFORM US OF ANY INTENTION TO DRILL EAST OF MEDIAN LINE AND THAT WE THEN HANDLE MATTER WITH ISRAEL. FAHMY WILL PROBABLY RAISE SUBJECT.

8. ISRAELI SETTLEMENTS: GOE VIEWS CONTINUED ISRAELI SETTLEMENT ACTIVITY IN OCCUPIED ARAB COUNTRIES, INCLUDING EGYPTIAN SINAI. AS INDICATIVE OF EXPANSIONIST INTENTIONS AND OF CONTINUED OBSTACLE TO PEACE. WHILE WELCOMING OCCASIONAL USG STATEMENTS OPPOSING ISREALI SETTLEMENTS POLICY, GOE BELIEVES WE SHOULD AND COULD DO MORE TO STOP THEM.
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9. SECURITY BELT THEORY: FAHMY HAS TALKED OF A "SECURITY BELT" FROM OROCCO TO IRAN, AND INCLUDING THE GULF STATES, TO CONTAIN COMMUNIST THREAT. IN ORDER BE EFFECTIVE, IT BELIEVES STRONG USG SUPPORT IS NEEDED IN TERMS OF MILITARY AND ECONOMIC AID. FAHMY MAY RAISE THIS SUBJECT.

10. AFRICA: AS FOUNDING MEMBER OF OAU, GOE RETAINS KEEN INTEREST IN AFRICAN AFFAIRS. IT IS CURRENTLY DEEPLY CONCERNED ABOUT ETHIOPIA AND DEVELOPING SOVIET INFLUENCE THERE AND IN THE HORN. IT VIEWS THIS AS A DIRECT THREAT TO SUDAN, WHICH GOE HAS COMMITTED ITSELF TO PROTECT. IT IS CONVINCED EPMG IS IN COLLUSION WITH QADHAFI TO SUBVERT NUMEIRI REGIME AND PROFESSES BE PUZZLED WHY USG STILL SENDS ARMS TO RADICAL ETHIOPIAN REGIME.

11. LIBYA: DADAT'S RELATIONS WITH LIBYA ARE BADLY STRAINED. MILITARY TENSION OF LAST FALL HAVE FOR THE MOMENT ABATED, BUT SADAT CONTINUES REGARD QADHAFI AS "MADMAN" AND DESTRUCTIVE INFLUENCE IN AREA. GOE BELIEVES QADHAFI MUST BE GOTTEN RID OF, BUT DOES NOT KNOW HOW TO PROCEED. SADAT BELIEVES USG IGNORED HIS WARNING OF A YEAR AND HALF AGO RE MASSIVE SOVIET ARMS SHIPMENT TO LIBYA AND THAT NOW SOME REDRESSIVE ACTION MUST BELATEDLY BE TAKEN TO NEUTRALIZE SINISTER QADHAFI/SOVIET THREAT.

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12. US ECONOMIC ASSISTANCE: SADAT HAS OFTEN EXPRESSED APPRECIATION FOR USG ECONOMIC HELP, BUT EGYPTIANS MAY TAKE OCCASION TO URGE THAT IT BE CONTINUED AND INCREASED. RECENT RIOTS IN CAIRO AND ELSEWHERE IMPRESSED UPON GOE LEADERSHIP NEED TO PROVIDE MORE BASIC FOODSTUFFS AND RAW MATERIALS. (THERE IS

A DIFFERENCE OF VIEW WITHIN GOE WHERE PRIORITY SHOULD LIE.)
SADAT LIKELY STRESS WHAT HE IS DOING TO INTRODUCE ECONOMIC
REFORM, BUT MAY ALSO SEEK USG INTERVENTION WITH IMF/
IBRD TO ACCEPT A MORE GRADUALIST PACE.

13. US HAT PASSING FOR EGYPT: FOR PAST TWO YEARS, IN ADDITION
DIRECT USG AID, WE HAVE ENGAGED IN AN INTERNATIONAL HAT
PASSING CAMPAIGN IN BEHALF OF EGYPT. WE HAVE APPROACHED
WEALTHY ARAB STATES, JAPAN, FRG, IRAN, ETC. OUR EFFORTS OF
LAST YEAR BROUGHT VERY LIMITED RESULTS AS DONORS AWAITED GOE
ACT RE IMF RECOMMENDATIONS. ALTHOUGH IBRD-ORGANIZED CG WILL
CONVENE IN APRIL, GOE MAY ASK USG CONTINUE ITS HAT PASSING
EFFORTS IN BEHALF OF EGYPT WITH WEALTHY ARABS AND OTHERS.
GOE BELIEVES USG LIKELY BE MORE EFFECTIVE THAN IBRD,
ESPECIALLY WITH ARAB STATES. WE HAVE REGULARLY EMPHASIZED TO
GOE THE NEED FOR ITS ACTIVE PARTICIPATION IN SUCH INTERNATIONAL
SOLICITATION EFFORT AND THE IMPORTANCE OF PROVIDING
CREDIBLE FIGURES.

14. RELATIONS WITH SOVIETS: STEADY DETERIORATION HAS MARKED
EGYPTIAN-SOVIET RELATIONS SINCE SINAI I. SADAT HAS FREQUENTLY
AILED HIS PERSONAL ANTI-SOVIET PHOBIA. SOVIETS ARE ACCUSED OF
FAILING PROVIDE REPLACEMENT WEAPONS AND SPARE PARTS AFTER
OCT 73 WAR. MORE RECENTLY THEY HAVE BEEN TARRED WITH COM-
PLICITY IN JAN 18-19 RIOTS. AT SAME TIME GOE HAS SOUGHT
TO NORMALIZE RELATIONS WITH SOVIETS, BUT LATTER HAVE PLAYED
HARD TO GET. SADAT WILL DOUBTLESS DISCUSS HIS ATTITUDE
TOWARDS SOVIETS AND PAST AND PRESENT RELATIONS WITH THEM.

15. LEBANON: FOLLOWING RECENT REAPPROCHMENT WITH ASAD,
SADAT HAS SUPPORTED LEBANESE PRES SARKIS AND SYRIAN ROLE IN
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LEBANON. GOE WATCHING WITH THINLY VEILED CONCERN WHAT IT
CONSIDERS ISRAELI BELLICOSITY RE SOUTH LEBANON SITUATION.
IT VIEWS SYRIAN TROOPS IN NABATIYAH AS PART OF ADF DETERRENT
AND CHARGES ISRAELI REACTION REPRESENTS SABRE RATTLING DESIGNED
AGGRAVATE AREA TENSIONS AT A TIME WHEN NEW ADMINISTRATION
IS COMING IN. EGYPTIANS FEAR ISRAEL MAY USE SOUTH LEBANON
TENSIONS AS PRETEXT "EXPAND" NORTHWARD, CLAIMING SARG SEEKING
OPEN NEW FRONT WITH ISRAEL. UNLESS PROBEL RESOLVED BY TIME
SECRETARY COMES, SADAT AND FAHMY WILL DOUBTLESS URGE THAT WE
CONTINUE USE OUR INFLUENCE WITH ISRAELIS TO KEEP SOUTH
LEBANON PROBLEM CONTAINED.
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